



Mediaportal Report

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▶ **The battle for members' rebates**

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The battle for members' rebates

Currently every Australian family or individual who takes out health insurance has at least 30 per cent of the cost of their cover paid by the Federal Government.

For older Australians the Federal Government picks up 35 per cent or 40 per cent of their premium. According to HBF, it's one of the incentives that has encouraged over half of all Western Australians to take out health cover.

For the past two years the Federal Government has signalled its intention to means test the rebate. Individuals earning \$80,000 (and couples and families on \$160,000) would see their rebate reduced and those earning \$124,000 (\$248,000 for families) would lose the rebate altogether.

If the government manages to impose the means test (and it has already been knocked back twice in parliament), Western Australians losing their rebate would see their premiums immediately jump by over 42 per cent.

That's a big increase but HBF asked if it meant more cash for public hospitals.

"Not so say the health funds," HBF Managing Director Rob Bransby said.

"They point out a study by financial experts Deloitte has shown the increase in premiums would see many people cancel or downgrade their health insurance with the most healthy dropping their cover first.

"Deloitte argues the premiums of those who keep their cover would inevitably rise to make up for those leaving, so a measure designed to target the rich would actually end up penalising everyone with health cover. And with more people dependant on the public system, hospital waiting lists would rise."

Ever since the government first announced its intention to means test the 30 per cent rebate HBF has been one of the most vocal opponents of the measure. In 2009 Rob published an open letter asking Prime Minister Kevin Rudd to think again and two years later HBF is still leading the campaign with over 34,000 Western Australians signing its Save Your Rebate petition.

"We have no interest in politics but as a not for profit fund which exists for our members," Rob said.

Rob said HBF would continue to argue against the measure and thought the government had underestimated the strength of public feeling – particularly in WA.

"As the state with the highest proportion of our population covered by health insurance we actually have more to lose than any other state – and that's something Canberra needs to understand," he said.



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ADVERTISING FEATURE
The West Australian





Why have health cover – and what is the Medicare Levy Surcharge?

Many Western Australians aren't aware they are actually paying more by not having health insurance.

The Medicare Levy Surcharge (MLS) means individuals earning more than \$77,000 and families with incomes of \$154,000 who don't have hospital cover pay an extra one per cent on top of their normal 1.5 per cent Medicare levy. Individuals hit by the surcharge pay at least \$770 while families are slugged over \$1500.

The surcharge is designed to encourage higher earning Australians to take out hospital insurance. But it seems many Western Australians may not be aware of the surcharge or don't realise they are likely to be caught by it.

A recent survey by HBF found a third of those who fall over the threshold didn't realise they were liable for the tax.

It suggests of the 33,000 Western Australians who paid the Medicare Levy Surcharge last year,

one third didn't realise they were liable or they could avoid it by taking out hospital cover.

HBF Managing Director Rob Bransby said the survey showed the Federal Government needed to do more to inform Australians about the surcharge.

"The MLS is supposed to act as an incentive for Australians to take out health cover, rather than be another revenue raising measure for the government," Rob said. "That only happens if people are aware of the surcharge and how it affects them. This research shows that just isn't the case.

"It's like hiding speed cameras and wondering why people aren't slowing down."

Rob believes a significant number of Western Australians would opt for health cover if they knew the cost was less than they currently pay in their MLS.

"Individuals can get HBF hospital cover plus cover for general services like optical for well under \$600, so they are ahead even before they use it," he said.



HBF survey findings:

While 86 per cent of people have heard of the MLS when prompted, a quarter don't know what it is and only one per cent knew the threshold.

- Twelve per cent of respondents are already potentially paying too much tax because they don't have hospital cover.
- One-third of those over the threshold don't believe the MLS applies to them.
- Fifty two per cent of Western Australians do not seek tax advice.
- Ten per cent of respondents with private health insurance were motivated to do so to avoid paying tax.
- Nearly all Western Australians (99 per cent) were unaware of the thresholds.



Fear of financial pain threatens dental health

New research shows the fear of financial pain is stopping many Western Australians visiting their dentist as often as they need to keep their teeth in good shape.

Recent research by HBF showed more than one million Western Australians routinely ignore dentists' reminders or avoid making an appointment, with cost cited as the biggest barrier (36 per cent) followed by not having the time (33 per cent) and fear of the dentist (16 per cent).

Just 33 per cent said they had six monthly check ups and 32 per cent said they hadn't visited their dentist in the last year.

This is in stark contrast to recommendations by dentists such as LifeCare Dental's Dr Alex Negoescu.

"We recommend an oral exam, scale and clean every six months and two x-rays every 18 months," Alex said.

He said people could be taking serious risks with their overall health by avoiding regular dental check ups.

"What many people don't know is gingivitis is the most common disease in the world and

there is a direct link between gum disease and heart disease."

Getting cover for dental treatment is already the main driver for Western Australians to take out Ancillary or 'general' health insurance. But up to now many have been put off by the fact they are paying for cover for services they won't use such as optical, physiotherapy and chiropractic treatments.

That changed this month when HBF launched a new dental-only product, Dental Saver, which provides low cost cover for dental care only.

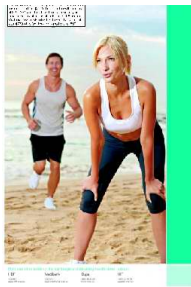
"We reckon it's the cover for a lot of Western Australians who never thought they'd ever take out health insurance, but know they need to look after their teeth," HBF Managing Director Rob Bransby said.

"Our hope is it will mean more Western Australians picking up the phone and making an appointment and fewer just tossing the reminder from their dentist in the bin."

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HBF Managing Director Rob Bransby



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For more information on the surcharge and obtaining health cover, contact:

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